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BETTER FARM LEASES AFTER THE WAR

Transcription by Max M. Tharp, U.S. Department of Agriculture's Bureau of Agricultural Economics; A. B. Genung, New York State Farm Owner, and Wallace L. Kadderly, U. S. Department of Agriculture's Radio Service. Recorded October 23, 1944. Time: 7 minutes, 30 seconds without announcer's parts)

ANNOUNCH: (LIVE)

Do you care what kind of a country you live in after the war? How secure and how stable it is?

Of course you care. And of course you know you can't have the kind of a country you want without doing some serious thinking and planning for it.

On the agricultural side, some serious thinking and planning has already been done. For some time now, the United States Department of Agriculture in Washington has had a committee studying developments to expect in agriculture after the war and how best to meet these situations. This national committee took its sights largely from reports made by agricultural groups in every State.....who had first made studies of their own farming communities.

From time to time, we're going to report back to the country on the conclusions of the national committee as they may affect different farm fields after the war. Today, we're going to hear something about the need for better farm leases from Max M. Tharp and A. G. Genung. Mr. Tharp is an economist in the Department of Agriculture. Mr. Genung is a farm owner from Upstate New York. Wallace Kadderly will lead the discussion.

TRANSCRIPTION

KADDERLY:

Tharp, I'll lead right off with a question: Why are farm leases so important?

THARP:

Well, first of all, there're a lot more of them than most folks realize. About half the Nation's farmers rent all or part of their land.

KADDERLY:

We have about 6,000,000 farms, so when you say half -- that means around 3,000,000 farmers are renters.

THARP:

That's what it means. And, in the last analysis, the rights of all those 3,000,000 farmers in the business they operate depends on what sort of leases they have. Those leases are really the beurock of their whole efforts to get ahead.

KADDERLY:

All right: Farm leases are important because there're so many of 'em. Now, why will they be particularly important after the war?

THARP:

For one thing, a good many veterans and war workers will be looking for farms. Probably many of them will prefer to rent until they see how they make out farming. Do you agree to that, Genung?

GENUNG:

I certainly do. Some of them are already looking around in my section...up in New York State.

KADDERLY:

How about older farmers? Some of them have been doing two men's work during the war...producing food in record quantities. A lot of those fellows'll probably want to retire...don't you think.

THARP:

They will. And many of them will prefer to lease rather than sell.

GENUNG:

There's another angle that interests me as a farm owner. There're a lot of improvements that farmers haven't been able to make during the war, and as soon as it's over, they'll want to get those improvements under way. Such improvements should be covered in the lease.

THARP:

They should be.....

KADDERLY:

We've spelled out some of the main reasons why farm leases are important to after-the-war farming. Let's take a quick look at the chief things that have been wrong with farm leases in the past. As a farm owner, what would you say, Genung?

GENUNG:

Well, first, I'd say that too many farm leases are oral...merely verbal agreements. A lease ought to be written, so there's a record to go back to when necessary. Second, there're too many short-term leases. A farmer can't do much planning for the future if he has to move every year or two. Third, leases as a rule don't include enough inducements for a renter to improve and develop the farm. Generally speaking, I'd say those are the weaknesses in the majority of farm leases.

KADDERLY:

How do you feel about these points Genung makes, Tharp?

THARP:

He's right...he's hit the worst features.

KADDERLY:

Now we're ready for the 64-dollar question. What makes a good farm lease?

Do you want to tackle that one, Tharp?

THARP:

That's the one I've been waiting for. It comes right back to the things we're talking about.

Number one: A good lease is a written lease...one that covers all items that are important to the particular situation. Number two: If the lease is to give the tenant security on the land he farms it should be a fairly long-term lease. Or, one that continues automatically from year to year. Number three: The lease must be fair to both parties. This means it should fit the type of farming carried on. Number four: It should encourage the tenant to do a good job of farming and keep up the farm improvements. One way to do this is to agree to pay the tenant a fair value for improvements he leaves behind when he moves.

GENUNG:

If those points are properly covered in a written lease, both parties will have a pretty good, workable understanding. I've learned from experience that what's good for a tenant, is usually good for the owner of the farm. Under a lease drawn up as you recommend, I believe a tenant can feel reasonably stable and secure in his use of the land. After all, that's the only way an owner can expect a tenant to handle a farm as if it were his own. And that's the kind of a tenant all owners are after.

THARP:

You're absolutely right, Genung. (PAUSE) That's why long-term leases are so desirable. A man can't do long-range farm planning under a one-year lease. He can't start a really decent dairy or livestock program, for instance. Or a system of crop rotation...or a program to build up his soil. Nor will it be worthwhile to make improvements like building a fence or putting an addition on the barn.

KADDERLY:

You think the renter ought to have, say, a 5-year lease, at least?

THARP:

At least 5 years. Or maybe 7 or 10 years, according to the type of farming he's doing. Usually both parties will want a clause in the lease that will permit cancellation under certain specified conditions. Or the lease can be written to continue automatically from year to year, unless one of the parties gives written notice six months or more before the lease-year is up.

KADDERLY:

How about the type of rent to be paid under the lease. What would be your idea on that, Genung.

GENUNG:

Well, of course, the type of rent will vary a lot according to the circumstances of the parties concerned and the section of the country they live in. As Tharp says, it should fit the type of farming carried on. So far as I know, there are three general types of farm rent — cash, share, and a combination of the two called "share-cash." Usually, some one system is the going thing in a given neighborhood. The important thing is that the kind of rent agreed on is best suited to the circumstances of both parties and fits the farm. A fixed cash rent agreed on now may need to be changed if prices go down after the war. To meet this situation, maybe the rent ought to be on a sliding scale so it can go up and down with farm prices.

KADDERLY:

That's an idea worth thinking about. Now, improvements come into this picture, I'd say...

THARP:

Indeed they do. As Cenung pointed out, during the war it's been impossible to keep up farm improvements. Materials and labor have been too short. We've all heard that tenant-operated farms aren't kept as well as owner-operated farms. And all too often it's true. Now, there're two ways to help overcome this situation. One is to include in the lease an agreement that when the tenant leaves, he can take away any movable improvements he's made at his own expense.

KADDERLY:

Like movable hog houses; or portable grain bins, or poultry brooder houses.

THARP:

Those are good examples. Under the law, the farm owner in most States could keep improvements like those. That's the real point in agreeing to let the tenant take them away if he moves. Otherwise the tenant may not be interested in carrying on a system of farming that will build up the farm. (PAUSE)

The second way to encourage farm improvements is to fix the lease so that when the tenant moves, the landlord agrees to pay him a reasonable amount for the unexhausted value of any improvements the tenant has made at his own expense.

KADDERLY:

How does that strike you, Genung?

GENUNG:

I'll repeat that any fair system that makes a tenant a better farmer is going to benefit the owner of the farm also. In the long run, good fair and square arrangements like that are best not only for both parties but for the community. Personally, I'd like to see every farmer in America own his own place; but if we are going to have tenancy, at least we can do our best to make it a strong, stable system.

KADDARLY:

Now, gentlemen, let's sum up what we've said here. One, about half the Nation's farmers rent all or part of the land they operate. Two, after the war, veterans and war workers will be looking for opportunities on farms. For a while, we may have more renters than ever. Three, many farm leases have weak spots... they don't offer security or a chance to do good farming. Four, better farm leases can help this situation. Five, -- and very important -- a good farm lease is one that encourages the tenant to improve the land he uses and follow good farm practices.

ANNOUNCER: (LIVE)

If you'd like to have further information about farm leases, see your county agricultural agent or write the Extension Service of your State College of Agriculture. Or you can write direct to the United States Department of Agriculture Washington 25, D. C.

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